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Industry and the
agricultural revival

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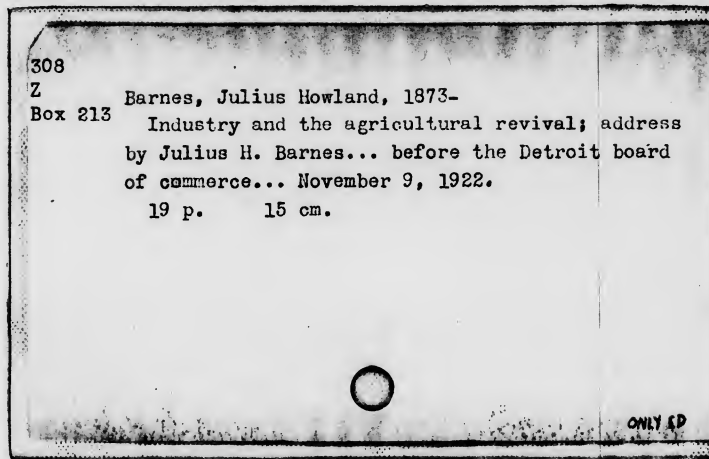
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Industry and the Agricultural Revival

Address by

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President, U. S. Chamber of Commerce

before the

Detroit Board of Commerce, Detroit, Mich.

November 9, 1922

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Industry and the Agricultural Revival

No American can visit the City of Detroit without experiencing a keen exhilaration. The City's fairy tale industrial growth inspires the profoundest study of the future tendencies of American Industry and American social life. Detroit is the epitome of the vast industrial development of the past twenty years which has been written upon the history of the world's social and economic development as that phase which is typically American. Profound changes in our social structure must follow the grouping of highly skilled workers in relatively highly paid industries centered in cities such as Detroit. The development has been so rapid and the phenomenon so marked that it has stimulated much social study and occasioned much social utterance. With much of this comment on this social and industrial phase and with much of the prophesy that is based thereon I am totally out of sympathy. There has been too ready an acceptance of certain theories

respecting Agriculture, on perfectly superficial reasoning. The declaration is so commonly made as to be almost axiomatic that the decline in per cent of rural population and increase in urban, indicates a regrettable national tendency. It is hard, on sober analysis, to find the basis on which this opinion can be based, unless one proceeds from the assumption that country life in itself, per se, is something more beneficial to the individual, and therefore to the national life, than is city existence. There are also those who somewhat too readily detail the farm decadence of America in tones ranging from that of a mere regret for a social phenomenon of which they disapprove, to a note of utter alarm of the food supply on which our entire population may subsist. A sober examination, again, of the facts, and of the progress of agriculture in this case sustains certainly not the economic deduction.

Neither does an examination of the living conditions of the agricultural community sustain the social deduction of regret. Industrial centers such as Detroit are keenly interested in ascertaining the true trend of relative industry in this country, and particularly to ascertain whether agricultural industry promises to maintain the adequate food production, and at relatively fair consumer prices.

Factory output depends, certainly, for its activity and prosperity on the healthy functioning of the great basic industry of agriculture. But it is also true that, through organized genius of large production, typified here as almost nowhere else in America, factory output has made a most effective contribution to farm economy, and thus made secure the position of agriculture to an extent not generally realized. The statement has been recently made that it was conclusive evidence of the decadence of agriculture, that there were a million and a half fewer people employed in agriculture in 1920 than in the previous census year of 1910. That statement is typical of the shallow analysis which has accepted as axiomatic the relative decline of agriculture. It is time to realize that an accurate deduction from that very fact, properly interpreted, proves the exact contrary to be true. If, in any industry, we find production increased, with lesser man power employed, we may fairly assume that it is an indication of increasing efficiency.

We find this then to be true of the agricultural industry, itself. Measured by aggregate production, measured by export surplus, after caring for increased population at home, measured by production per acre, and by production per capita; by all these measures, the production of

agriculture has distinctly enlarged, while the number of workers employed therein has distinctly grown less. Why agriculture should be assumed to be an exception to the general course of economy in costs, following the introduction of time and labor-saving devices; of the substitution of machinery of increased capacity for limited man-power, is one of the riddles of our easily accepted but erroneous social philosophy.

Statistics are dry, indeed, yet they give a vivid picture of tendencies in our national life, and I venture to set just a few before you, to fix your attention.

The twenty years between the census of 1900 and that of 1920 have witnessed the most striking change in our national life. This period marks the increase of city dwellers and the decrease of farm population. It is therefore a most suitable period in which to trace the trend from which the future may be reasonably forecasted. As to agriculture, in this twenty years we find this to be true:

Total population of the United States increased almost forty per cent.

Persons engaged in agriculture increased four per cent.

Production of wheat increased 58 per cent

Production of corn increased 35 per cent.

Production of cotton increased 47 per cent.
Production of cattle increased 37 per cent.
Production of hogs increased 68 per cent.

Although the population of the United States increased in this twenty years from 76 million to 106 million, and although the agricultural industry was supplying this vast increase in population with all the food they needed, of a constantly increasing range of variety as well as increase in quantity, yet in the cereal year of 1920 the total exports of our five principal grains reached the unprecedented total of 513 million bushels to spare.

In that twenty years, the number of farms increased 12 per cent.

The size of the average farm increased, and the average improved land per farm increased as well.

The value of implements and machinery increased almost 400 per cent.

In that twenty years, the value of all farm property rose from 20 billion dollars to 78 billion, or an increase of 281 per cent.

Here is no story of economic recession, but rather a picture of great resources built into the basic industry of this country, and promising the firmest foundation

for those other industries that must rest upon it.

As to its social phase, we find the transformation of farm life almost as marked. The increase in ten years from 1910 to 1920 of almost 700 million dollars in farm implements and machinery indicates the extent to which cream separators, plows, mowers, threshers, and the gasoline pump have taken the drudgery out of necessary farm labor. Almost forty per cent of all farms in the United States possess a telephone. In ten years the annual output of phonographs had increased from 344 thousand to 2¼ million, annually, and the farm bought its share. The farm chores of today are often done by electric light, and not by the old dim lantern. In 1920, we had a motor vehicle for every two and one-half families, and with the hard surfaced road, farm life was thus tied with the social life of the nearest town. You may be sure the farm furnished its quota of the 730 million dollars indicated by federal tax collections as spent last year for admission to places of amusement—and properly so.

The efficiency in production indicated by this distinct trend of the economy of machine work is not the sole measure of the service to the farm afforded by these modern time and labor-saving devices.

Not long ago, a low grade of farm labor driving a team of horses drawing a wagon over a dirt road made two trips a day with fifty bushels of grain to market each trip, and made the trip, no matter how pressing the need of other farm work, at such times as dry weather made the dirt road possible. Today a higher grade of mentality drives a motor truck with one hundred bushels of grain over a hard surfaced road, independent of weather conditions, and makes six or eight trips in a single day. Moreover, the telephone and telegraph inform the farmer of his market opportunity and the quick transport of motor truck and hard surfaced road realizes immediately on the farmer's marketing judgment. I draw this picture of the very real economies and the very real improvement in earning selection which the development of the past twenty years has brought to much of Agriculture, the same as to all industry.

Having thus pictured to you my own sincere conviction that agriculture is an industry in this country with a secure position and with a future which warrants no discouragement, I may say that we have recently passed through a period in which the opportunity of agriculture has been distinctly out of step with that of other industry. This period has, however, not been of long duration, and I am

glad to say that the era of unremunerative relative prices on the farm has distinctly passed. Today, the South is assured of abundant prosperity with its 25-cent cotton. A large part of the grain country is assured of prosperous earnings with the eight and nine cent hogs that have ruled through all the period of grain price depression. The grain country that depends on the sale of grain for its primary earnings has, within the past eight weeks, seen a new era of grain price levels which holds out to it the distinct promise of prosperous operation. It is not yet realized even in the western country that, within the past six weeks, we have witnessed advances in the primary market price of wheat exceeding twenty cents per bushel; of corn exceeding fifteen cents per bushel; of oats fifteen cents, and of rye twenty cents per bushel; all of these advances being a clear addition to the farmer's spending power, and therefore a certain assurance of the farm market for the products of other industries.

It is no true service to Agriculture and no aid in establishing the necessary credits for the conduct of that business, to be picturing its hopeless outlook. The true position and prospects of this basic industry must not be measured in a passing phase of depression; a phase common alike, in greater or less degree, to other

industry, and a phase from which all industry is clearly emerging.

It is full time to raise a note of courage and confidence, in every line of American industry, and especially an intelligently based confidence in the future of a reviving Agriculture.

Measured by the usual indices of industrial and trade activity, America is today possessed of a substantial prosperity. The figures of steel output, of automobile production, of railroad revenue tonnage, of textile mill operation, and a steady increase in aggregate savings accounts in America bear certain assurance that the earning power and the spending power of America is today real and effective. The one weak spot in our business outlook has been remedied by the grain price advance of the past eight weeks. The full measure of the opportunity rightfully due us by our present dominant position in the supply of world foodstuffs has not yet reached the western farm, because of the barrier of inadequate transportation and the trade hazards which that inadequacy created. In Europe, recent advances in the wheat price exceed thirty cents per bushel, yet the normally instant reflection of this price advance has been partially ineffective because of this inadequate transportation. The expansion of railroad

facilities has fallen in this country distinctly behind the increase in tonnage dependent on those facilities. For this condition, no single industry is as much to blame as agriculture, which bears the chief penalty therefore. The agricultural policy toward the railroad has been, for years, solely one of forcing of lower rates by all the machinery of State and Federal regulation. Earning power, thus undermined, has destroyed borrowing credit as well. The resultant failure in proper expansion of equipment costs the grain farmer of the Central West at least one to two million dollars on each day's marketing. This is the measure today of the forced departure from the farm-price normal relation to the consuming prices of Europe. If this unexpanded transport had been in recent years the farmer's sole channel to market, we should have had National disaster indeed. If the 2400 million tons lifted by the railways of this country had not been supplemented by the 1400 million tons lifted by the motor vehicles of America this last year there would probably have been an utter collapse—certainly of agriculture, and probably of other industry as well. The situation in transportation has been clearly saved by the introduction of a new and real factor in transportation, through the fortunately unregulated motor industry

and the public highway. In the field of motor transport, the play of natural law of supply and demand, the bidding for transport such market prices as would produce facilities and establish routes, has saved the day. What the future of transport in this country may be is difficult to say, for after all, this giant motor industry is still manifestly in its infancy. The advantage of the motor transport, with its flexibility of delivery and its elasticity of route service is clearly apparent, as long as the public highways afford roadbeds free and open to its operation. It is certainly true, for instance, that part of the railway channels of today would never have been built, in competition with the more liquid motor transport, if that transport had then been in existence. This suggests, again, the vast potentiality of the motor industry in those sections of the world where vast potential tonnage is today waiting only reasonable access to market. Russia, Asia, Africa and South America, all are vast potential markets for a form of transport that requires only a proper public highway to instantaneously develop the exchange of commodities on which the employment and prosperity of a people follow with instant certainty. The point of saturation for the motor industry in America has been advanced again and again as motor

transport itself developed earning and buying power for more and yet more transport. The motor vehicle for every eleven of our people was a dream beyond the wildest possibility, ten years ago. These vast populations of a world as yet unserved by transport will, some day, and soon, demand this sure basis for trade and prosperous employment such as the motor has proved in America to be. These scores and hundreds of millions will some day, and some time, absorb the output of American motor factories at a rate overshadowing even the fairy tale production of today. As that time develops and when that competition for world markets begins, we know that the American genius for large-scale production and for the economies of standardization will lead the competition of the world, and this, in spite of the larger wage scale common to our industry.

But this suggests that America must be vigilant to preserve the American resourcefulness and initiative which has created this undisputed industrial leadership of the world. In agriculture and in all industry, the intense competition for economy of production eagerly seizes every labor and time-saving device for cost-reduction. This has stimulated the inventive research and the experimental enterprise of American industry as no

where else in the world. This American genius for economical production provides a great social service by producing more and better and cheaper articles of common use. Under its stimulus, America has led the world in the development of old and new industries for the past twenty years. We have seen, for instance, the expansion of the four major industries, the Automobile, Motion Picture, the Electrical and Chemical, until today, probably twenty million people depend for their livelihood upon these industries, undeveloped twenty years ago. The spectacular fortunes which have accompanied this tremendous development are the shining mark toward which the ambitions of countless of our young people are directed. The certain and sure rewards which society bestows through the natural processes of trade to those whose inventiveness or superior abilities serve society through the economy of larger and cheaper production, are the assurance of continued research, study and effort, and those qualities, again, the assurance of continued national prosperity and advancement. The most precious heritage of America is its social and political philosophy which thus holds the door of opportunity for all ambitious and able young people. The incentive to constant and determined effort, the reward of su-

perior ability and merit, the refusal to recognize the encasement of any individual in any rigid caste or social strata to which he may be born,—these are the assurances of our national vigor and national progress. They must be zealously guarded and carefully preserved. We will have in America none of that deadening social philosophy which undertakes public services by the State; better performed under private ownership and private operation. We will have nothing in America of that dishonest and immoral issuing of Government pledges, stamped with the name of their traditional monetary denomination and betraying the good faith by a trusting people. We have seen abroad the reckless increase in paper money undermine the thrift savings of a people and destroy the thrift impulse; halt the processes of trade that can not function on a fluctuating currency, put a premium on the spending of today and penalize the man of thrift and sacrifice all the evil effects of a depreciating currency. We have seen the formerly merely academic theories of communism and socialism put into play in Europe, with their logical consequence of social demoralization and economic ruin. We will have none of that in America.

But there are half-way phases and insidious approaches which require the ut-

most vigilance of those who realize that a departure from sound practices, whether in the form of dishonest currency or unwise taxation or rigid regulation that stifles enterprise, all lead inevitably to a slackening industry and distress and unemployment in every home. This is the field entrusted to organized business, and one which it must occupy and defend. Organized business does not arrogate to itself superior knowledge, nor superior sincerity of purpose, but organized business knows from experience those things which lead to disaster, because the very existence of industry depends upon a vigilant observance of sound economic law. Organized business must recognize that most of these evils grow most readily in the unwise relation of Government and industry. Laws which stifle enterprise and regulations which put a premium on dishonest methods in business, inevitably shrink the field of opportunity and employment, and therefore distinctly menace individual happiness and content. Organized business therefore needs a leadership at the seat of legislative and administrative authority where it may speak with all the conviction which experience and practical knowledge entitle it to express, and with all the sincerity which a full appreciation of the trust reposed in that leadership must entail.

There is one clear and certain test applicable to every legislative act and administrative function. This test is in accord with the philosophy of individualism on which America was founded, and on which it has built its marvelous success. That test predicates a proper function of constituted authority to be, a Government that by common consent functions solely for the preservation of fair-play between individuals, that each individual may, by his own ability and effort, establish his own position in the social structure and rest secure in the position and the prosperity which those individual qualities secure to him through the natural processes of human activity.

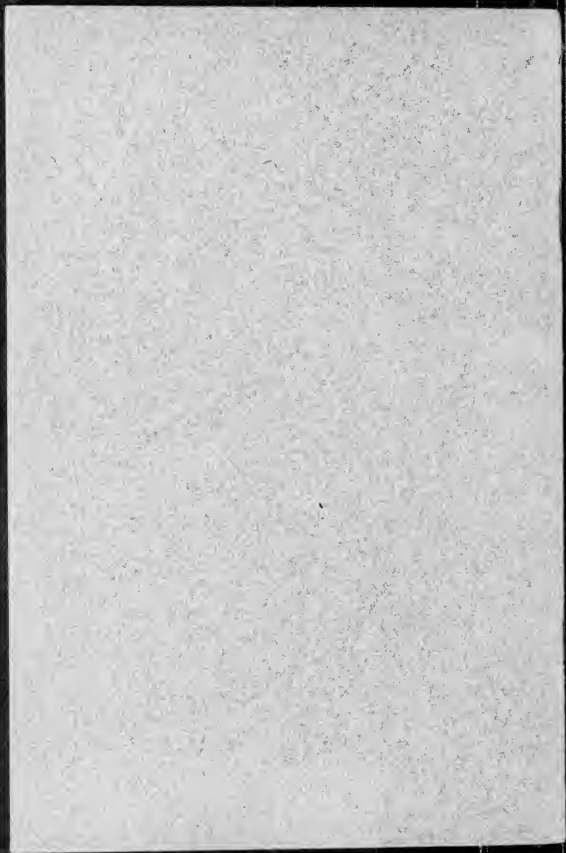
It is in this aspect as the spokesman for convictions, wider far than self-interest alone, that the Chamber of Commerce of the United States must rest upon a broad and sure foundation of individual and organization memberships throughout America.

We are constructing in Washington a national home for organized business which in appearance will, we hope, typify the dignity and stability of American commerce and industry. Within that building we hope to exhibit the hospitality which typifies the friendliness of American character and to create an atmosphere

which will impart a pride of ownership to every American. From that building as a centre we hope to achieve some influence in legislation and administration that will tend to preserve the precious social and political philosophy of individualism on which the prosperity of America has been developed and on which its future opportunities depend.

The men who are directing the policies of the National Chamber are men of serious purpose, intent upon administering the affairs of the Chamber of Commerce of the United States in the finest tradition of American fair-play business. They appreciate the support of business communities in America such as this City, and of commercial organizations such as your own.

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